

Statutory statement on corporate governance 2023

in accordance with Section 134 of the Executive Order on Financial Reports for Credit Institutions and Investment Firms etc.

Published 31 January 2024

This statement is the statutory statement on corporate governance 2023. The bank's annual report for 2023 contains a summary of the statement. The statement covers the financial reporting period from 1 January to 31 December 2023.

Under Section 134 of the applicable Executive Order on Financial Reports for Credit Institutions and Investment Firms etc., listed Danish banks must publish a statutory statement on corporate governance in their annual report or on their website. The statement must include the following information:

- (1) Whether the company is covered by a code of corporate governance, with reference to the code in question if the company is so covered.
- (2) Details of where the code specified in point 1 is available to the public.
- (3) If the company has decided to deviate from parts of the code specified in point 1, details of those parts of the code from which the company deviates and the reasons for so doing.
- (4) If the company has decided not to use the code specified in point 1, a statement of the reasons.
- (5) A reference to any other codes of corporate governance which the company has decided to use in addition to or in place of the code specified in point 1, or which the company uses voluntarily, with details equivalent to those specified in points 2 and 3.
- (6) A description of the main elements in the company's internal control and risk management systems in connection with the financial reporting process.
- (7) A description of the composition of the company's management bodies and their committees and functions.

Ringkjøbing Landbobank's statutory statement on corporate governance, including the above points, is given below.

Corporate governance codes etc.

As indicated below, Ringkjøbing Landbobank is covered by the following two codes on corporate governance:

- **“Recommendations on corporate governance” published on 2 December 2020 by the Committee on Corporate Governance (hereinafter called the “Corporate Governance recommendations”).**

The bank is covered by this code as Ringkjøbing Landbobank’s shares are listed on the Nasdaq Copenhagen.

The Nasdaq Copenhagen had previously (by letter dated 6 May 2013) advised the bank that it had decided to implement the Corporate Governance recommendations in “Rules for issuers of shares”.

The Committee on Corporate Governance published an updated version of the Corporate Governance recommendations on 2 December 2020.

The updated version took effect for financial years commencing on or after 1 January 2021. The first report using these recommendations thus had to be made in connection with the financial reporting in 2022.

The code contains a total of 40 different recommendations, and companies covered by the Corporate Governance recommendations must specify how they act with respect to the recommendations under the “comply or explain” principle.

The companies covered must state why they do not comply with a given recommendation and which approach they have chosen instead. This means that, if a company does not comply with a recommendation but explains why not, and which approach it has chosen instead, the company is considered to be compliant.

- **“The Corporate Governance Code of the Danish Bankers Association” published on 22 November 2013 by the then Danish Bankers Association (hereinafter called the “Danish Bankers Association’s corporate governance code”).**

The bank is covered by this code as Ringkjøbing Landbobank is a member of FinanceDenmark (with which the Danish Bankers Association has merged into).

In the Danish Bankers Association’s corporate governance code, which contains twelve different recommendations, the Association recommends that member companies actively consider a number of corporate governance matters under the “comply or explain” principle to obtain greater openness concerning the management framework of the individual member companies.

- **Active ownership**

A provision on an active ownership policy has been implemented in section 101a of the Danish Financial Business Act. Under the provision, an active ownership policy must either be prepared or an explanation given for why a policy has not been prepared.

The bank's board of directors and general management assess that an active ownership policy is not necessary since the bank only has a very modest holding of listed shares and, in the role of asset manager, has not explicitly agreed with its customers that it must exercise active ownership, for example by exercising the voting rights pertaining to investments in listed shares.

When preparing the annual report for 2023, the bank's management has again stated its position on the Corporate Governance recommendations and the Danish Bankers Association's corporate governance code.

Both of the above codes are publicly available. The Corporate Governance recommendations are available at www.corporategovernance.dk

and the Danish Bankers Association's corporate governance code is available at <https://finansdanmark.dk/om-os/medlemmer/for-medlemmer/ledelseskodeks/>

The bank does not currently follow or expect to start following corporate governance codes in the future other than those mentioned above.

The bank's position on the Corporate Governance recommendations and the Danish Bankers Association's corporate governance code is generally positive, as the relations between the bank and its stakeholders (shareholders, customers, employees, the local community etc.) are a prerequisite for the bank's continuing positive development.

As a bank with local roots in West, Central and North Jutland, we see it as our foremost task to focus on personal contact with customers. As satisfied customers are our bread and butter, it is important that we show due care for our shareholders and respect the wishes of our other stakeholders, including our customers.

You can read more below on the bank's attitude to the Corporate Governance recommendations and the Danish Bankers Association's corporate governance code.

The Corporate Governance recommendations are classified under five headings:

1. Interaction with the company's shareholders, investors and other stakeholders
2. The duties and responsibilities of the board of directors
3. The composition, organisation and evaluation of the board of directors
4. Management's remuneration
5. Risk management

The recommendations supplement Danish law, particularly the Danish Companies Act, the Danish Financial Statements Act, EU corporate law rules and the OECD Principles of Corporate Governance.

When preparing and presenting the 2023 annual report, under the "comply or explain" principle, the bank's board of directors and general management have assessed the bank's positions and its actions on the recommendations.

The bank's management supports the efforts in the area of corporate governance, and the general management and board of directors have opted to comply with almost all of the recommendations in this area. Where the bank does not comply, the bank's management has explained why not, and which approach the company has chosen instead. By doing so, the bank thus complies with all 40 recommendations.

The Danish Bankers Association's corporate governance code comprises the following six headings:

1. General recommendations
2. Recommendations regarding composition of the board of directors
3. Recommendations regarding training of members of the board of directors
4. Recommendations regarding evaluation of the board of directors and its members
5. Recommendations regarding cooperation with the company's day-to-day management
6. Other recommendations

The bank complies with all of the twelve recommendations of the Danish Bankers Association's corporate governance code.

The Corporate Governance recommendations and the Danish Bankers Association's corporate governance code supplement the rules applying to listed companies and the rules of company law and, for banks, also financial law.

Corporate governance

Corporate governance in Ringkjøbing Landbobank concerns the objectives and the general principles and structures governing the bank and the interplay between the bank, the bank's management and its primary stakeholders: the bank's shareholders, customers and employees, and the local areas in which the bank has branches.

Goal

Ringkjøbing Landbobank has set a goal which focuses on the bank's primary stakeholders, namely its shareholders, customers, employees, and the local areas where the bank operates. As a responsible financial institution, the bank also focuses on climate and environment as well as sustainability.

The bank's goals are to realise good long-term results and thus the best possible long-term returns for its owners, the shareholders, and to achieve an annual return on equity among the top one-third of the Danish financial sector, via rational operation of the bank and sound credit policy.

For its customers, the bank's goal is to play a central role in West, Central and North Jutland, of which it is an integral part. The bank's goal is thus to retain and further develop that section of its customer portfolio which is situated in West, Central and North Jutland.

The bank's goal is also to serve selected customer groups throughout Denmark via its niche concepts and the bank's private banking branches via a high level of expertise and competitive products.

In general, the bank will thus meet the expectations of a full-service bank for both personal and business customers via its strengths in both capital and consultancy.

It is also a goal for Ringkjøbing Landbobank to be a good place to work for its employees. On the basis of its chosen strategy, the bank wishes to create an interesting and challenging workplace which can attract and retain competent employees.

In the context of corporate governance, the bank also focuses on ESG aspects and sustainability and has in 2023 set targets for carbon emissions from its loan and investment portfolios. The reader is referred to the bank's ESG report for 2023.

Finally, the bank's goal is to support development in those areas where it is anchored historically.

Communication with the bank's stakeholders

The bank also places great weight on communication with the bank's stakeholders. It has always been a priority to the bank that its advisers must be available to the customers.

This will remain a top priority going forward. The bank also gives high priority to having a website and a mobile and web banking platform which are accessible, easy to understand and can be used in the bank's communications with its customers and other stakeholders.

In addition, the bank has prepared an Investor Relations policy dealing with the bank's information to and communication with investors and other stakeholders, and a code of conduct has also been prepared which includes general guidelines for the bank's interaction with its stakeholders.

Investor Relations policy

The bank's Investor Relations policy states that the bank must strive for openness, for a good dialogue with its shareholders, investors and other stakeholders

The bank's goal is thus to give

- the stock exchanges on which the bank has listed issues
- existing and potential shareholders and investors
- share analysts and securities brokers, and
- other stakeholders

quick information which gives a true and fair view of both price-related and other matters.

The board of directors assessed the policy in November 2023 and found that several adjustments were needed.

The Investor Relations policy is available on the bank's website: www.landbobanken.dk/policies

Code of conduct

In December 2014, the bank's board of directors for the first time adopted a code of conduct which designates the guidelines for the bank's employees concerning the conduct which is expected of them (including its board of directors and general management) i.e. their conduct towards stakeholders such as customers, suppliers and authorities, in relation to a range of different subjects. In addition, the bank has subscribed to the Ten Principles of the UN Global Compact.

The code of conduct was also reviewed in 2023 and the board of directors approved an update in November 2023.

The object of the current code of conduct is to assist employees in their daily decisions and conduct.

The code is general and not exhaustive, but it provides examples of unacceptable behaviour.

The complete code of conduct is available on the bank's website: www.landbobanken.dk/policies

The Executive Order on Financial Reports for Credit Institutions and Investment Firms etc.

Finally, the bank advises that in accordance with Section 134 of the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc., it is required to provide

- A. a description of the main elements in the company's internal control and risk management systems in connection with the financial reporting process and
- B. a description of the composition of the company's management bodies and their committees and functions.

A. The financial reporting process

The board of directors, the audit committee and the general management regularly ensure that the bank's controls and risk management in connection with the financial reporting process are functioning satisfactorily.

The process is arranged in order to ensure that the annual report is presented in accordance with statutory requirements and that it is free of significant misstatements, whether attributable to fraud or error.

The financial reporting process is further organised so that the bank's annual report is prepared by the bank's accounts department in cooperation with the bank's general management and other relevant departments.

A general rule for the financial reporting process is that the bank's general management and the accounts department continuously monitor compliance with relevant legislation and other regulations and provisions in connection with the financial reporting process and report regularly to the bank's board of directors and the audit committee.

The internal controls and risk management systems in connection with the financial reporting process are also structured with the following main elements:

- The accounts department has overall management of the process of financial reporting.
- The accounts department coordinates and obtains relevant information from other departments for use in the preparation of accounts and it also reviews such information.
- The accounts department assists external and internal auditing with information and details in connection with the auditing of the financial statements.
- The general management makes a review of the draft annual report and other reports.
- The audit committee and the board of directors review the draft annual report.
- The board of directors, the audit committee and the general management hold meetings with the bank's auditors.

The above also applies to the presentation of quarterly and interim reports with their consequent changes and adaptations resulting from the absence of audit of the reports in question.

A statement is given below of the bank's audit committee and the internal controls and risk management process in connection with the financial reporting process.

The audit committee

The audit committee's tasks include monitoring and checking accounting and auditing matters and preparing the board of directors' handling of accounting- and auditing-related items.

The board of directors has assessed that Jens Møller Nielsen possesses the requisite qualifications in accounting and auditing, including the financial reporting process, internal controls and risk management.

Jens Møller Nielsen is also chairman of the committee.

Internal control and risk management systems

The board of directors and the general management have general responsibility for the bank's internal control and risk management systems in connection with the presentation of accounts.

Recognition and measurement

For the recognition and measurement of certain assets and liabilities, an estimate is required of how future events will affect the value of these assets and liabilities on the balance sheet date.

Estimates of significance for the presentation of accounts are made and exercised in the following and other areas:

- Calculation of expected losses on loans and other credit exposures
- Assessment of collateral security
- Fair value of unlisted financial instruments
- Valuation of intangible assets including goodwill

The exercised estimates used are based on assumptions which management judges to be responsible, but which by their nature are uncertain. In management's assessment, assets and liabilities provide a true and fair view of the bank's financial position, and the control environment for the estimates made is satisfactory.

The control environment

The most important elements in the control environment are an appropriate organisation, including proper separation of functions and internal policies, routines and procedures.

The board of directors, the general management and the other persons concerned with the presentation of accounts are comprised such that relevant competencies concerning risk management and assessment of internal controls are present and independently functioning.

The appointed audit committee regularly monitors the adequacy of the bank's internal controls and assesses material risks in connection with the financial reporting process, including the risk that fraud or errors could lead to material misstatement in the annual report.

Risk assessment

A risk assessment of the information in the annual report is regularly made in order to identify elements which carry increased risks because they are based on estimates and/or generated via complex or manual processes.

The audit committee is regularly advised of the assessment of the bank's risks, including risks which affect the process of presentation of the accounts. At least once a year, the audit committee, the board of directors and the general management decide whether new internal controls should be implemented to counter identified risks.

The audit committee and the board of directors also review particularly risky areas at least once a year, including the recognition and measurement of material assets and liabilities and any changes in accounting policies.

Control activities

Control activities have been established, the object of which is to prevent, discover and correct any errors and deficiencies in the data which form the basis for preparation of the accounts.

These activities include certification, authorisation, approval, reconciliation, analysis of results, separation of duties, general IT controls, and controls concerning IT applications.

Monitoring and reporting

The bank uses systems and manual resources to monitor the data on the basis of which the accounts are prepared. Any weaknesses and errors are regularly corrected and reported.

Further analysis and control activities are carried out in connection with the preparation of the accounts to ensure that the accounts are presented in accordance with legal requirements. The audit committee follows up to ensure that the weaknesses in the internal controls and major errors and omissions in the annual financial statements noted and reported by the internal audit and the independent auditor are corrected.

B. The bank's management bodies and their functions

The bank's management bodies comprise the following:

1. The general meeting
2. The shareholders' committee
3. The board of directors
4. The general management

The bank advises as follows with respect to the individual bodies' functions:

1. The general meeting

The general meeting is the bank's supreme decision-making authority. The general meeting's tasks include electing members to the bank's shareholders' committee.

2. The shareholders' committee

In accordance with the articles of association, the bank's shareholders' committee has at least 37 and at most 42 members elected for four years at a time. As of the end of December 2023, 41 members had been elected to the bank's shareholders' committee.

The bank's shareholders' committee elects the members of the bank's board of directors. In addition, the shareholders' committee has a duty to act in the bank's best interest and, to the best of its ability, to assist the board of directors and the general management with the procuring of information they may need. The shareholders' committee is also charged with setting the fixed remuneration for the board of directors and shareholders' committee and with deciding on the establishment of branches as recommended by the board of directors.

Shareholders who have reached the age of 67 are not eligible, and members of the shareholders' committee must retire from the committee at the latest at the first annual general meeting after they have reached the age of 67.

3. The board of directors

In accordance with the articles of association, the bank's board of directors consists of at least six and at most ten members elected by the shareholders' committee. At the end of December 2023, the board of directors had nine members elected by the shareholders' committee and four members elected by the employees.

The bank's general management does not serve on the board of directors, but it participates in board meetings. The board of directors normally holds 10-12 physical meetings/combined video and physical meetings a year. A number of written electronic board meetings (by email) are also held as needed. In 2023, 13 physical board meetings/combined physical and video meetings as well as 3 written electronic board meetings were held.

The total attendance ratio by all board members at all board meetings held in 2023 was 97.1%.

The board's nomination committee proposes members of the board of directors to the shareholders committee such that its composition ensures adequate skills on the board of directors and compliance with the expertise profile specified by the board's nomination committee and the board itself.

Board members are also elected for four-year terms. The Committee on Corporate Governance recommends that at least half the board members elected by the shareholders' committee be independent, and the bank complies with this recommendation as all board members elected by the shareholders' committee except one are considered independent.

Members of the board of directors must retire at the latest at the first annual general meeting after they have reached the age of 67.

Committees of the board of directors

The board of directors has appointed the following committees:

- Remuneration committee
- Nomination committee
- Audit committee
- Risk committee.

The remuneration committee consists of the chairman and deputy chairman of the bank's board of directors and a board member elected by the employees.

The nomination committee and the risk committee consist of the bank's full board of directors, while the audit committee consists of the specially qualified member, who is also chairman of the committee, and the chairman and deputy chairmen of the board of directors plus one additional board member elected by the shareholders' committee.

The committees held the following numbers of meetings in 2023:

- Remuneration committee: four physical meetings/combined video and physical meetings
- Nomination committee: eight physical meetings/combined physical and video meetings
- Audit committee: eight physical meetings or video meetings or combined physical and video meetings
- Risk committee: eleven physical meetings/combined physical and video meetings

The audit committee's tasks are described in general in a preceding paragraph.

The remuneration committee's tasks include assessment of the bank's remuneration policy, various controls and negotiation with the general management on the latter's remuneration.

The nomination committee carries out tasks in relation to policies for diversity on the board of directors and the under-represented gender on the board, recommendation of candidates for the board of directors and the shareholders' committee and in relation to the evaluation process for the board of directors.

Finally, the risk committee carries out tasks inter alia in relation to assessment etc. of the current and future risk profile and strategy and reviewing of quarterly credit reports.

The risk committee thus reviews annual risk reports and the bank's risk manager participates in one or more committee meetings to discuss the reports and answer questions from the committee.

Further information on the committees of the board of directors, including their tasks, is given on the bank's website www.landbobanken.dk/en/ir_english/thebank and in the bank's 2023 annual report.

Evaluation of the board of directors etc.

The board of directors has for several years conducted an evaluation process concerning the working relationship of the board, and from and including 2012 the board of directors supplemented the evaluation on the basis of the Financial Supervisory Authority's guideline for board of directors' knowledge and experience in credit institutions.

In the fourth quarter of 2023 the board of directors again conducted the annual evaluation process etc. As a basis for the evaluation, the nomination committee and the board also identified the competencies which it should possess in order to be able to perform its activities in a competent way. This was done on the basis of the bank's business model and a comprehensive analysis of the associated risks.

The general competencies required include knowledge of the following matters:

- The business model and relevant related matters
- Credit risks and relevant related matters
- Market risks and relevant related matters
- Liquidity risks and relevant related matters
- Operational risks and relevant related matters
- IT risks/IT security and relevant related matters
- Other risks, including in relation to money laundering, terror financing, other economic crime, good practice and compliance
- Budgets, accounting and auditing
- Capital matters consisting of capital adequacy and solvency requirement
- Insurance risks
- Risk management including interdisciplinary risk management
- Managerial experience from other financial companies
- General managerial experience
- Legal insight, including in relation to financial legislation
- ESG aspects and reporting

Each individual board member evaluated his or her own qualifications and the work and working relationships of the board of directors on the basis of the specified requirements.

The board's nomination committee and the board discussed the result of the evaluations, and their assessment and conclusion is:

- that the board's work and working relationships are functioning satisfactorily,
- that the board of directors has checked that its members possess adequate collective knowledge and the professional skills and experience to understand the bank's activities and their associated risks, and that the board members collectively possess all the required skills and experience relative to the bank's business model,
- that the number of board members is appropriate to what is judged to be required for the bank, and
- that the members of the audit committee possess the required knowledge, the professional skills and experience and that the audit committee collectively possesses the skills relevant for the financial sector and that the skills are sufficient to ensure that the audit committee can perform its tasks.

Each member of the board of directors has also declared his or her judgment that he or she is fit and proper under applicable rules, and that he or she possesses the necessary time resources for the job.

The nomination committee and the board of directors have assessed the individual board members' assessment of sufficient time resources and declared their agreement with the assessments made. The committee has also assessed that the board of directors complies with the policy of diversity on the board of directors.

Remuneration policy

Under applicable rules, a remuneration policy for the bank has been prepared and adopted.

In 2012, for the first time, the bank's board of directors thus adopted a remuneration policy which was approved by the annual general meeting in 2013.

The bank's annual general meeting held in March 2023 approved the remuneration policy which the board of director's remuneration committee and the board of directors had approved in December 2022.

The current policy approved by the annual general meeting in March 2023 specifies that the bank's management is paid remuneration which is both in line with the market and reflects the management's performance on behalf of the bank.

It also specifies that the remuneration paid to the board of directors and the general management should be a fixed amount without any form of incentive component.

Other major risk-takers and employees in control functions may be paid variable salary components in cash within the financial framework for payment of personal allowances under a current workplace agreement, below the cap on variable salary components and subject to the provisions in points 4 and 5 of the remuneration policy. Severance may also be paid unless deemed to be variable salary in the terms of the applicable law.

Subject to the provisions in point 7 of the remuneration policy, variable salary components and severance may be paid, and pension schemes comparable to variable salary components granted, to all other employees in the bank (i.e. groups of employees other than those listed in point 1.1 of the remuneration policy).

The remuneration policy also complies with the remuneration policy requirements of the Danish Companies Act applicable to public limited companies with shares admitted to trading on a regulated market.

The current remuneration policy is published on the bank's website: www.landbobanken.dk/policies

On recommendation by the board's remuneration committee, the bank's board of directors adopted an update to the remuneration policy in the fourth quarter of 2023, most recently at a board meeting held in November 2023.

The remuneration policy is basically unchanged, and the update consisted only of changes in point 9 of the policy.

The remuneration policy approved and updated by the board of directors will be recommended for approval by the bank's annual general meeting in February 2024.

Supplementary information on the members of management, including other managerial offices

The reader is referred to the 2023 annual report for supplementary information on the members of the bank's board of directors, including their other managerial activities and competencies.

4. The general management

The general management has four members and undertakes the bank's daily management.

The board of directors of Ringkjøbing Landbobank A/S, 31 January 2024.

Template for reporting on the Danish Recommendations
on Corporate Governance, December 2020

*Ringkjøbing Landbobank A/S –
2023 financial year*

Template for reporting – version of January 2021

What can the template be used for?

This template is meant as a tool for Danish companies with shares admitted to trading on a regulated market who wish to report on the company's compliance with the recommendations on corporate governance in a standard reporting format.

Companies shall not consider compliance with the introductory principles. The principles seek to explain general reflections which companies may take into account when assessing which approach to take in respect of the individual recommendations under each section. The Committee's explanatory notes provided under some of the recommendations may be included as guidelines and inspiration for companies in implementing the recommendations. In this connection the explanatory notes are meant as a tool. Reporting on the Danish Committee's Recommendations on Corporate Governance must be made in relation to the recommendations – and not the principles or explanatory notes.

The report on corporate governance must be published as either part of the management commentary on the annual report or on the company's website with exact reference to the management commentary. The Committee believes that publication of the corporate governance report on the company's website - with exact reference to the report in the management commentary - creates the highest degree of transparency. Publication of the report on the company's website provides easier access for investors and other stakeholders.

Under the Danish Financial Statements Act a publication on the company's website requires that the URL address – where the corporate governance report is published – is stated in the management commentary in the annual report. The URL address must be the internet address which can be used to access the report **directly**.

There are further requirements to the preparation of the report on corporate governance and how it is to be published. The detailed requirements are described in Executive order no. 959 of 13 September 2019 on Publication of Reports pursuant to the Danish Financial Statements Act.

Notice: The template below contains the recommendations of the Danish Committee on Corporate Governance of 2 December 2020. The recommendations are available on the website of the Danish Committee on Corporate Governance, [corporategovernance.dk](https://www.corporategovernance.dk). Nasdaq Copenhagen A/S has decided to include the recommendations in the Nordic Main Market Rulebook for Issuers of Shares effective from 4 January 2021.

This template may be used for the preparation of the report on corporate governance in annual reports concerning financial years commencing 1 January 2021 or later.

Reporting and the comply or explain approach

It is stated in section 107 b of the Danish Financial Statements Act that a company with shares admitted to trading on a regulated market must include a report on corporate governance in the management commentary of the annual report.

This means that each company in the corporate governance statement must give an account of which recommendations the company has chosen to comply with and which ones they have not, regardless of whether complied with or deviated from the recommendation.

If a company deviates from parts of the recommendations, the company has to explain the reasons for the deviations, cf. section 107 b (1) (iii) of the Danish Financial Statements Act. The company has to explain why it has chosen not to comply with a recommendation and what it has chosen to do instead.

A company may thus be compliant if the company instead of complying with a recommendation explains the above mentioned.

Note that the reporting must reflect the company's position at the time of publication of the annual report. However, any significant changes that occurred after the completion of the company's accounts, but before the publication of the annual report, should be included in the corporate governance statement.

In order to create the transparency necessary for investors and other stakeholders, the company must respond to each recommendation and provide information on whether the company complies with the recommendation in question.

Statutory report on corporate governance, cf. section 107 b of the Danish Financial Statements Act.

Notice!

The report constitutes a part of the management commentary on the annual report concerning the financial year:

1 January 2023 to 31 December 2023

Danish Recommendations on Corporate Governance

Recommendation	The company complies	The company <u>explains</u> ¹	
		<i>why</i>	<i>how</i>
1. Interaction with the company's shareholders, investors and other stakeholders			
1.1. Communication with the company's shareholders, investors and other stakeholders			
1.1.1. The Committee recommends that the management through ongoing dialogue and interaction ensures that shareholders, investors and other stakeholders gain the relevant insight into the company's affairs, and that the board of directors obtains the possibility of hearing and including their views in its work.	The bank complies.		The bank's general management and Investor Relations (IR) officer maintain an ongoing dialogue with the shareholders and other stakeholders about the bank's affairs, and the board of directors is kept up to date.
1.1.2. The Committee recommends that the company adopts policies on the company's relationships with its shareholders, investors and if relevant other stakeholders in order to ensure that the various interests are included in the company's considerations and that such policies are made available on the company's website.	The bank complies.		The bank's board of directors has adopted an Investor Relations policy. The policy is available on the bank's website: www.landbobanken.com
1.1.3. The Committee recommends that the company publishes quarterly reports.	The bank complies.		The publishes quarterly reports.
1.2. The general meeting			
1.2.1. The Committee recommends that the board of directors organises the company's general meeting in a manner that allows shareholders, who are unable to attend the meeting in person or are represented by proxy at the general meeting, to vote and raise questions to the management prior to or at the general meeting. The	The bank complies in part.		The bank's general meetings are organised to ensure that shareholders who are unable to attend in person can participate either via proxy or by postal vote.

¹ If the company does not comply with a recommendation, the company must specifically explain; *why* the company has decided not to comply with the recommendation, and *which* approach the company has chosen instead. A comprehensive explanation answers both questions and is considered as compliant. Thus, it is important that the company answers both questions in its explanation.

Recommendation

The company complies

The company explains¹

why

how

Committee recommends that the board of directors ensures that shareholders can observe the general meeting via webcast or other digital transmission.

The opportunity to express an opinion is ensured by allowing submission of written questions on the agenda items, for answering at the general meeting.

The bank’s general meetings may be webcast. In addition, the bank’s general meetings are recorded, and the recording can be replayed subsequently via its website.

1.2.2. The Committee recommends that proxies and postal votes to be used at the general meeting enable the shareholders to consider each individual item on the agenda.

The bank complies.

The postal vote form for the bank’s general meetings is structured so that shareholders can consider each individual item on the agenda.

1.3. Takeover bids

1.3.1. The Committee recommends that the company has a procedure in place in the event of takeover bids, containing a “road map” covering matters for the board of directors to consider in the event of a takeover bid, or if the board of directors obtains reasonable grounds to suspect that a takeover bid may be submitted. In addition, it is recommended that it appears from the procedure that the board of directors abstains from countering any takeover bids by taking actions that seek to prevent the shareholders from deciding on the takeover bid, without the approval of the general meeting.

The bank complies.

If the bank becomes the object of a takeover bid, the procedure in accordance with current legislation and the bank’s articles of association is that the board of directors will not prevent the shareholders from deciding on the takeover bid.

However, in the specific situation, the board of directors reserves the right to assess the possibilities of taking actions which it finds are in the shareholders’ long-term interest and in line with the bank’s goal of being an independent financial institution.

1.4. Corporate Social Responsibility

1.4.1. The Committee recommends that the board of directors adopts a policy for the company’s corporate social responsibility, including social responsibility and sustainability, and that the policy is available in the management commentary and/or on the company’s website. The

The bank complies.

The bank’s board of directors has adopted a corporate social responsibility (CSR) and sustainability policy. The bank’s board of directors assesses compliance with the policy annually.

Recommendation

The company complies

The company explains¹

why

how

Committee recommends that the board of directors ensures compliance with the policy.

In addition, the bank’s board of directors has adopted a responsible purchasing policy and a code of conduct and the bank has endorsed the Ten Principles of the UN Global Compact.

Finally, the bank’s board of directors has adopted a policy for a sound corporate culture. A report on this is given both in the management’s review in the bank’s annual report and in the board’s report presented by the chair of the board to the annual general meeting.

The bank’s social responsibility and sustainability policy, responsible purchasing policy, policy for a sound corporate culture and code of conduct are available on the bank’s website: www.landbobanken.com

1.4.2. The Committee recommends that the board of directors adopts a tax policy to be made available on the company’s website.

The bank complies.

The bank’s board of directors has adopted a tax policy.

The policy is available on the bank’s website: www.landbobanken.com

2. The duties and responsibilities of the board of directors

2.1. Overall tasks and responsibilities

2.1.1. The Committee recommends that the board of directors in support of the company’s statutory objects according to its articles of association and the long-term value creation considers the company’s purpose and ensures and promotes a good culture and sound values in the company. The company should provide an account thereof in the management commentary and/or on the company’s website.

The bank complies.

The bank’s board of directors has adopted a policy for a sound corporate culture, a code of conduct etc.

The board of directors reports to the annual general meeting on the policy for a sound corporate culture and the code of conduct.

Recommendation

The company complies

The company explains¹

why

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			<p>The bank’s values are reported in the management's review in the annual report and in the ESG report.</p> <p>Both the bank’s policy for a sound corporate culture and its code of conduct are available on the bank’s website: www.landbobanken.com</p> <p>The bank’s annual reports and ESG reports can also be downloaded.</p> <p>The general meeting is recorded and the recording can subsequently be viewed on the bank’s website: www.landbobanken.com</p>
<p>2.1.2. The Committee recommends that the board of directors at least once a year discusses and on a regular basis follows up on the company’s overall strategic targets in order to ensure the value creation in the company.</p>	<p>The bank complies.</p>		<p>Once a year, the board of directors discusses/follows up on the strategy and a strategy seminar is held/a strategy update prepared as required, where the general goals and strategies for the bank are discussed and determined to ensure the bank’s continuing value creation.</p> <p>The point of departure for this is a thorough review of the bank’s business model and risks.</p> <p>The bank’s board of directors also regularly discusses strategy.</p>
<p>2.1.3. The Committee recommends that the board of directors on a continuously basis takes steps to examine whether the company’s share and capital structure supports the strategy and the long-term value creation in the interest of the company as well as the shareholders. The Committee recommends that the company gives an account thereof in the management commentary.</p>	<p>The bank complies.</p>		<p>The bank’s board of directors conducts regular and at least annual assessments of the bank’s capital and share structure in relation to the bank’s strategy and long-term value creation in the shareholders’ and the bank’s interest.</p>

Recommendation

The company complies

The company explains¹

why

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			<p>The board gives an account of the bank’s capital and share structure in its annual report.</p> <p>As for the bank’s share structure and rules on voting, each share of nom. DKK 1 carries one (1) vote when the share is recorded in the company’s register of shareholders, or when the shareholder has reported and documented his or her right.</p> <p>However, a shareholder may cast no more than 3,000 votes as specified in the bank’s articles of association (adopted in connection with approval of the merger with Nordjyske Bank A/S at an extraordinary general meeting held in June 2018).</p> <p>The board of directors has not subsequently found a need to change these voting rules, as long as the bank’s performance is above the average for the Danish financial sector.</p> <p>No new limitations on voting rights are expected be introduced into the bank’s articles of association.</p> <p>There are no limitations on the shares’ negotiability.</p> <p>Information on the number of registered shares, the distribution of shares on Danish and foreign investors and on large shareholders is available in the bank’s annual report.</p>
<p>2.1.4. The Committee recommends that the board of directors prepares and on an annual basis reviews guidelines for the executive management, including requirements in respect of the reporting to the board of directors.</p>	<p>The bank complies.</p>		<p>The bank’s board of directors reviews the board of directors’ instructions to the general management regularly and at least once a year, including the instructions’ requirements concerning the reporting to the board.</p>

Recommendation

The company complies

The company explains¹

why

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2.2. Members of the board of directors

<p>2.2.1. The Committee recommends that the board of directors, in addition to a chairperson, appoints a vice chairperson, who can step in if the chairperson is absent and who can generally act as the chairperson’s close sparring partner.</p>	<p>The bank complies.</p>		<p>In accordance with the bank’s articles of association, the board of directors elects both a chair and up to two vice-chairs.</p> <p>The duties of the chair and vice-chairs are defined in the board’s rules of procedure.</p>
<p>2.2.2. The Committee recommends that the chairperson in cooperation with the individual members of the board of directors ensures that the members up-date and supplement their knowledge of relevant matters, and that the members’ special knowledge and qualifications are applied in the best possible manner.</p>	<p>The bank complies.</p>		<p>An annual multidimensional evaluation is made of the work of the board of directors, of its working relationship with the general management and of the board members’ special competences, including the need for collective knowledge and competences on the board.</p> <p>This process may result in the assessment that the board’s knowledge needs to be supplemented, including via training and/or upgrading of training for board members.</p>
<p>2.2.3. The Committee recommends that if the board of directors, in exceptional cases, requests a member of the board of directors to take on special duties for the company, for instance, for a short period to take part in the daily management of the company, the board of directors should approve this in order to ensure that the board of directors maintains its independent overall management and control function. It is recommended that the company publishes any decision on allowing a member of the board of directors to take part in the daily management, including the expected duration thereof.</p>	<p>The bank complies.</p>		<p>The members of the board of directors do not participate in the daily management or perform special duties for the bank.</p> <p>Should this happen in exceptional cases, such a decision will be published.</p>

Recommendation

The company complies

The company explains¹

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3. The composition, organisation and evaluation of the board of directors

3.1. Composition

<p>3.1.1. The Committee recommends that the board of directors on an annual basis reviews and in the management commentary and/or on the company’s website states</p> <ul style="list-style-type: none"> • which qualifications the board of directors should possess, collectively and individually, in order to perform its duties in the best possible manner, and • the composition of and diversity on the board of directors. 	<p>The bank complies.</p>		<p>The bank’s annual report contains</p> <ul style="list-style-type: none"> • a description of the required collective and individual board competences, • a summary of the board members’ special competences in relation to required competences, and • information on the board members’ membership of board committees, age, town of residence, occupation and other managerial activities. <p>The information is also available on the bank’s website.</p>
<p>3.1.2. The Committee recommends that the board of directors on an annual basis discusses the company’s activities in order to ensure relevant diversity at the different management levels of the company and adopts a diversity policy, which is included in the management commentary and/or available on the company's website.</p>	<p>The bank complies.</p>		<p>The bank’s board of directors has prepared a policy for diversity on the board of directors.</p> <p>The management's review in the bank’s annual report includes a report on diversity on the board of directors.</p> <p>The bank’s board of directors has also prepared a policy for the under-represented gender.</p> <p>The bank’s board of directors and the general management find it important that there are equal opportunities for employees of both genders and for employees with different backgrounds, and the bank is thus firm in its intention to make it possible for talents to be developed, thrive, and remain in the bank.</p>

Recommendation

The company complies

The company explains¹

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			<p>In March 2013, the bank’s board of directors for the first time adopted a target figure for the under-represented gender to sit on the board of directors and a policy aimed at increasing the percentage of the under-represented gender at the bank’s other management levels (i.e. excluding the board of directors).</p> <p>The current policy sets the following concrete targets for the under-represented gender at the bank’s other management levels:</p> <p>The employees must feel that they have equal career and management opportunities irrespective of gender.</p> <p>The percentage of managers of the under-represented gender at the bank’s management levels must be at least 25% by 2025.</p> <p>From the 2023 financial year, the complete statement on the under-represented gender is only provided in the management review in the bank’s annual report. The complete statements for previous years are available on the bank’s website: www.landbobanken.com</p>
<p>3.1.3. The committee recommends that candidates for the board of directors are recruited based on a thorough process approved by the board of directors. The Committee recommends that in assessing candidates for the board of directors – in addition to individual competencies and qualifications – the need for continuity, renewal and diversity is also considered.</p>	<p>The bank complies in part.</p>	<p>The bank’s management structure historically has included a shareholders’</p>	<p>It is noted by way of introduction that the board of directors and the board’s nomination committee make an assessment at least once a year of the competences which the board requires for the best possible performance of its duties. An assessment of whether it collectively possesses these competences is also made.</p>

Recommendation

The company complies

The company explains¹

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committee and the board of directors finds that this structure is still expedient.

On this basis the nomination committee and the board of directors nominate candidates to serve as board members.

Members of the board are elected indirectly as they are elected by the bank’s shareholders’ committee.

The election procedure for the board of directors was changed at the bank’s annual general meeting in February 2013 so that candidates can now be elected among both members of the shareholders’ committee and from other sources.

This ensures that the board can more easily be constituted in the event of a need for specific expertise which may arise over time.

In the board’s assessment, the greatest possible diversity should be ensured in relation to the ages, gender and business experience of members of the shareholders’ committee and board members, while also focusing on shareholders’ committee and board members’ professional qualifications, skills and business experience. These diversity factors are thus taken into account in the board’s recommendation of new members to both the shareholders’ committee and the board of directors. See also the adopted policy for diversity on the board of directors.

Elections of members of the shareholders’ committee take place by simple majority vote at the general meetings.

Recommendation

**The
company
complies**

The company explains¹

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The board’s nomination committee, the board of directors and the shareholders’ committee nominate candidates to serve as members of the shareholders’ committee, including on the basis of the competences etc. that are taken into account when nominating candidates for the board of directors.

The bank’s articles of association specify that shareholders who have reached the age of 67 are not eligible for membership of the shareholders’ committee, and members of the shareholders’ committee and members of the board of directors are obliged to resign at the first annual general meeting after their 67th birthday.

Members of both the shareholders’ committee and the board of directors are elected for four-year terms, and re-election is possible. It will be recommended to the annual general meeting to be held on 28 February 2024 that the four years is being reduced to two years.

The board has considered whether introducing direct election of its members and/or a term of office of one year would be appropriate, but has judged that, for the time being, the present system of election is functioning satisfactorily, and that the present provisions in the articles of association on the term of office ensure good continuity in the board’s work. The process also helps fulfil the aim of having the right skills, sufficient diversity etc. on the bank’s board of directors.

Recommendation

The company complies

The company explains¹

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<p>3.1.4. The Committee recommends that the notice convening general meetings, where election of members to the board of directors is on the agenda - in addition to the statutory items - also includes a description of the proposed candidates'</p> <ul style="list-style-type: none"> • qualifications, • other managerial duties in commercial undertakings, including board committees, • demanding organisational assignments and • independence. 	<p>The bank complies in part.</p>	<p>The bank's management structure historically has included a shareholders' committee and the board of directors finds that this structure is still expedient.</p>	<p>Please see the comments on recommendation no. 3.1.3.</p> <p>The bank has no direct election of board members.</p> <p>Board members are instead elected by the bank's shareholders' committee.</p> <p>The general meeting elects the members of the bank's shareholders' committee.</p> <p>For general meetings where there will be an election for the shareholders' committee, the notice of meeting will provide brief profiles of the candidates for election to the committee and the criteria which the board of directors and the shareholders' committee have used in their nomination.</p> <p>The shareholders' committee elects members to the board of directors with the full knowledge of the proposed candidates.</p> <p>The bank's annual reports specify whether the individual board members are considered independent.</p>
<p>3.1.5. The Committee recommends that members to the board of directors elected by the general meeting stand for election every year at the annual general meeting, and that the members are nominated and elected individually.</p>	<p>The bank does not comply.</p>	<p>In the bank's opinion, the current management structure is expedient and a four-year term of office</p>	<p>Please see the comments on recommendation no. 3.1.3.</p> <p>It will be recommended to the annual general meeting to be held on 28 February 2024 that the four-year term of office is being reduced to two years to strike a balance between continuity and recommendation no. 3.1.5.</p>

Recommendation

The company complies

The company explains¹

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		<p>ensures continuity of the board work. However, a change of the term of office to two years will be recommended. See the comments.</p>	
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3.2. The board of director’s independence

<p>3.2.1. The Committee recommends that at least half of the members of the board of directors elected in general meeting are independent in order for the board of directors to be able to act independently avoiding conflicts of interests. In order to be independent, the member in question may not:</p> <ul style="list-style-type: none"> • be or within the past five years have been a member of the executive management or an executive employee in the company, a subsidiary or a group company, • within the past five years have received large emoluments from the company/group, a subsidiary or a group company in another capacity than as member of the board of directors, • represent or be associated with a controlling shareholder, • within the past year have had a business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body in companies with similar relations) with the company, a 	<p>The bank complies.</p>		<p>Based on the guidelines, all members of the board of directors elected by the shareholders' committee (a total of nine members) expect one member are considered to be independent.</p>
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Recommendation

The company complies

The company explains¹

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<p>subsidiary or a group company, which is significant for the company and/or the business relationship,</p> <ul style="list-style-type: none"> • be or within the past three years have been employed with or a partner in the same company as the company’s auditor elected in general meeting, • be a CEO in a company with cross-memberships in the company’s management, • have been a member of the board of directors for more than twelve years, or • be closely related to persons, who are not independent, cf. the above-stated criteria. <p>Even if a member of the board of directors does not fall within the above-stated criteria, the board of directors may for other reasons decide that the member in question is not independent.</p>			
<p>3.2.2. The Committee recommends that members of the executive management are not members of the board of directors and that members retiring from the executive management does not join the board of directors immediately thereafter.</p>	<p>The bank complies.</p>		<p>No members or retiring members of the bank’s general management are members of the bank’s board of directors.</p>
<p>3.3. Members of the board of directors and the number of other managerial duties</p>			
<p>3.3.1. The Committee recommends that the board of directors and each of the members on the board of directors, in connection with the annual evaluation, cf. recommendation 3.5.1., assesses how much time is required to perform the board duties. The aim is for the individual member of the board of directors not to take on more managerial duties than the board member in question is able to perform in a satisfactory manner.</p>	<p>The bank complies.</p>		<p>The board members evaluate this regularly, and at least once a year.</p>
<p>3.3.2. The Committee recommends that the management commentary, in addition to the statutory requirements, contains the</p>	<p>The bank complies.</p>		<p>Information on the individual board members’</p> <ul style="list-style-type: none"> • occupation

Recommendation

The company complies

The company explains¹

why

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following information on the individual members of the board of directors:

- position, age and gender,
- competencies and qualifications relevant to the company,
- independence,
- year of joining the board of directors,
- year of expiry of the current election period,
- participation in meetings of the board of directors and committee meetings,
- managerial duties in other commercial undertakings, including board committees, and demanding organisational assignments, and
- the number of shares, options, warrants, etc. that the member holds in the company and its group companies and any changes in such holdings during the financial year.

The bank complies.

- date of birth
- gender (through name and picture)
- competences and qualifications
- independence
- date of joining the board of directors
- year their term of office ends
- other managerial activities, and
- number of the bank’s shares held by members and their related parties at the beginning and end of the period

is available in the bank’s annual report.

Information on attendance at board meetings is provided in this statement.

3.4. Board committees

3.4.1. The Committee recommends that the management describes in the management commentary:

- the board committees’ most significant activities and number of meetings in the past year, and
- the members on the individual board committees, including the chairperson and the independence of the members of the committee in question.

In addition, it is recommended that the board committees’ terms of reference are published on the company’s website.

The bank complies.

The bank’s annual report specify the most significant activities of the board committees, the members of the individual board committees, and their independence.

The terms of reference of the board committees are published on the bank’s website: www.landbobanken.com

Details on the number of meetings are provided in this statement.

3.4.2. The Committee recommends that board committees solely consist of members of the board of directors and that the majority of the members of the board committees are independent.

The bank complies.

The board committees consist solely of members of the board of directors.

Recommendation

The company complies

The company explains¹

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			<p>The majority of members of all four board committees – remuneration committee, nomination committee, audit committee and risk committee – are considered to be independent.</p>
<p>3.4.3. The Committee recommends that the board of directors establishes an audit committee and appoints a chairperson of the audit committee, who is not the chairperson of the board of directors. The Committee recommends that the audit committee, in addition to its statutory duties, assists the board of directors in:</p> <ul style="list-style-type: none"> • supervising the correctness of the published financial information, including accounting practices in significant areas, significant accounting estimates and related party transactions, • reviewing internal control and risk areas in order to ensure management of significant risks, including in relation to the announced financial outlook, • assessing the need for internal audit, • performing the evaluation of the auditor elected by the general meeting, • reviewing the auditor fee for the auditor elected by the general meeting, • supervising the scope of the non-audit services performed by the auditor elected by the general meeting, and • ensuring regular interaction between the auditor elected by the general meeting and the board of directors, for instance, that the board of directors and the audit committee at least once a year meet with the auditor without the executive management being present. 	<p>The bank complies.</p>		<p>The bank has appointed an audit committee, and its chair is not chair of the board of directors.</p> <p>The audit committee carries out the duties listed in the recommendation.</p> <p>The bank has an internal audit function as required under applicable law and the audit committee carries out the tasks listed in the recommendation in relation to the internal audit function.</p>

Recommendation

The company complies

The company explains¹

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If the board of directors, based on a recommendation from the audit committee, decides to set up an internal audit function, the audit committee must:

- prepare terms of reference and recommendations on the nomination, employment and dismissal of the head of the internal audit function and on the budget for the department,
- ensure that the internal audit function has sufficient resources and competencies to perform its role, and
- supervise the executive management’s follow-up on the conclusions and recommendations of the internal audit function.

3.4.4. The Committee recommends that the board of directors establishes a nomination committee to perform at least the following preparatory tasks:

- describing the required qualifications for a given member of the board of directors and the executive management, the estimated time required for performing the duties of this member of the board of directors and the competencies, knowledge and experience that is or should be represented in the two management bodies,
- on an annual basis evaluating the board of directors and the executive management’s structure, size, composition and results and preparing recommendations for the board of directors for any changes,
- in cooperation with the chairperson handling the annual evaluation of the board of directors and assessing the individual management members’ competencies, knowledge,

The bank complies.

The bank has appointed a nomination committee.

The nomination committee carries out the duties listed in the recommendation.

Recommendation

The company complies

The company explains¹

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<p>experience and succession as well as reporting on it to the board of directors,</p> <ul style="list-style-type: none"> • handling the recruitment of new members to the board of directors and the executive management and nominating candidates for the board of directors' approval, • ensuring that a succession plan for the executive management is in place, • supervising executive managements' policy for the engagement of executive employees, and • supervising the preparation of a diversity policy for the board of directors' approval. 			
<p>3.4.5. The Committee recommends that the board of directors establishes a remuneration committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • preparing a draft remuneration policy for the board of directors' approval prior to the presentation at the general meeting, • providing a proposal to the board of directors on the remuneration of the members of the executive management, • providing a proposal to the board of directors on the remuneration of the board of directors prior to the presentation at the general meeting, • ensuring that the management's actual remuneration complies with the company's remuneration policy and the evaluation of the individual member's performance, and • assisting in the preparation of the annual remuneration report for the board of directors' approval prior to the presentation for the general meeting's advisory vote. 	<p>The bank complies in part.</p>	<p>The bank's management structure historically has included a shareholders' committee and the board of directors finds that this structure is still expedient.</p>	<p>The bank has appointed a remuneration committee.</p> <p>The remuneration committee carries out the duties listed in the recommendation.</p> <p>A proposal for remuneration of the board of directors is submitted to the shareholders' committee for approval and from 2024, the remuneration of the board of directors must be approved by the general meeting.</p>

Recommendation

The company complies

The company explains¹

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3.5. Evaluation of the board of directors and the executive management

<p>3.5.1. The Committee recommends that the board of directors once a year evaluates the board of directors and at least every three years engages external assistance in the evaluation. The Committee recommends that the evaluation focuses on the recommendations on the board of directors’ work, efficiency, composition and organisation, cf. recommendations 3.1.-3.4. above, and that the evaluation as a minimum always includes the following topics:</p> <ul style="list-style-type: none"> • the composition of the board of directors with focus on competencies and diversity • the board of directors and the individual member’s contribution and results, • the cooperation on the board of directors and between the board of directors and the executive management, • the chairperson’s leadership of the board of directors, • the committee structure and the work in the committees, • the organisation of the work of the board of directors and the quality of the material provided to the board of directors, and • the board members’ preparation for and active participation in the meetings of the board of directors. 	<p>The bank complies in part.</p>	<p>The board of directors has not found any need for external assistance.</p>	<p>An annual multidimensional evaluation is made of the work of the board of directors and of its working relationship with the general management, including the work of the general management.</p> <p>The evaluation contains the elements listed in the recommendation.</p> <p>The full board of directors discusses the result of the evaluation process.</p> <p>The overall conclusions are described in the management's review in the bank’s annual report and on its website.</p>
<p>3.5.2. The Committee recommends that the entire board of directors discusses the result of the evaluation of the board of directors and that the procedure for the evaluation and the general conclusions of the evaluation are described in the management commentary, on the company’s website and at the company’s general meeting.</p>	<p>The bank complies.</p>		<p>Please see the comments on recommendation no. 3.5.1.</p>
<p>3.5.3. The Committee recommends that the board of directors at least once a year evaluates the work and results of the executive management according to pre-established criteria, and that the</p>	<p>The bank complies.</p>		<p>Please see the comments on recommendation no. 3.5.1.</p>

Recommendation

The company complies

The company explains¹

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chairperson reviews the evaluation together with the executive management. In addition, the board of directors should on a continuous basis assess the need for changes in the structure and composition of the executive management, including in respect of diversity, succession planning and risks, in light of the company's strategy.

The board of directors regularly assesses the need for changes in the structure and composition of the general management, succession planning etc., in light of the bank's strategy.

4. Remuneration of management

4.1. Remuneration of the board of directors and the executive management

4.1.1. The Committee recommends that the remuneration for the board of directors and the executive management and the other terms of employment/service is considered competitive and consistent with the company's long-term shareholder interests.

The bank complies.

The bank's management considers the remuneration and terms of employment/service for the members of the bank's board of directors and its general management to be market-compatible, competitive and consistent with the bank's long-term interests. Only fixed remuneration is paid to members of the bank's board of directors and general management.

4.1.2. The Committee recommends that share-based incentive schemes are revolving, i.e. that they are periodically granted, and that they primarily consist of long-term schemes with a vesting or maturity period of at least three years.

The bank complies.

The bank does not use share-based incentive schemes for members of its board of directors and general management or for other employees at the bank.

4.1.3. The Committee recommends that the variable part of the remuneration has a cap at the time of grant, and that there is transparency in respect of the potential value at the time of exercise under pessimistic, expected and optimistic scenarios.

The bank complies.

The bank does not use share-based incentive schemes for members of its board of directors and general management or for other employees at the bank.

4.1.4. The Committee recommends that the overall value of the remuneration for the notice period, including severance payment, in connection with a member of the executive management's departure, does not exceed two years' remuneration including all remuneration elements.

The bank complies.

In accordance with the bank's remuneration policy, members of general management are entitled to severance pay corresponding to up to 24 months' remuneration in the event of changes in the controlling interest in the bank. If their employment is terminated before they retire, they are entitled

Recommendation	The company complies	The company <u>explains</u> ¹	
		<i>why</i>	<i>how</i>
			to severance pay corresponding to up to 12 months' remuneration. The total payment to a general management member for termination and severance is generally two years' remuneration.
4.1.5. The Committee recommends that members of the board of directors are not remunerated with share options and warrants.	The bank complies.		Members of the bank's board of directors are not remunerated with share options and warrants.
4.1.6. The Committee recommends that the company has the option to reclaim, in whole or in part, variable remuneration from the board of directors and the executive management if the remuneration granted, earned or paid was based on information, which subsequently proves to be incorrect, or if the recipient acted in bad faith in respect of other matters, which implied payment of a too large variable remuneration.	The bank complies.		The bank does not pay variable remuneration to the members of its board of directors and general management.
5. Risk management			
5.1. Identification of risks and openness in respect of additional information			
5.1.1. The Committee recommends that the board of directors based on the company's strategy and business model considers, for instance, the most significant strategic, business, accounting and liquidity risks. The company should in the management commentary give an account of these risks and the company's risk management.	The bank complies.		The bank's board of directors conducts regular and at least annual reviews of the risks which the bank is considered to have assumed. An account of the various risks is given in the bank's annual report.
5.1.2. The Committee recommends that the board of directors establishes a whistleblower scheme, giving the employees and other stakeholders the opportunity to report serious violations or suspicion thereof in an expedient and confidential manner, and that a procedure is in place for handling such whistleblower cases.	The bank complies.		The bank has established a whistleblower scheme corresponding to the recommendation.

**Form for statement concerning
The Danish Bankers Association's corporate governance code
of 22 November 2013**

Text from the Danish Bankers Association's website:

**"Corporate Governance Code of the Danish Bankers Association
22 November 2013**

The financial crisis and its consequences have shown that parts of the banking sector have been affected by poor management and inappropriate management structures. Decisions have been made on the basis of over-optimism, and we have seen examples of clear management failure and poor business ethics.

In the wake of the financial crisis, a series of initiatives has been implemented that subject today's banking sector to a broad raft of legislative measures and other management regulation. However, the Danish Bankers Association believes it might be advisable for the banking sector to take further initiatives targeted at sharpening the focus on governance issues in the sector.

Therefore, the Danish Bankers Association has prepared a Corporate Governance Code with recommendations for its members. The recommendations go further than dictated by the legislation and the recommendations of the Danish Committee on Corporate Governance.

One aim of the recommendations is to prompt the members to actively address a number of key corporate governance topics, and another is to create greater openness concerning the governance frameworks of the individual members, with a view to increasing confidence in the banking sector.

Under this code, the members will report on corporate governance according to the 'comply or explain' principle. This means it is up to each member to decide on the extent to which it wishes to comply with the recommendations. A member failing to comply with a recommendation must give an individually formulated explanation for why it has deviated from the recommendations and what it has decided to do differently. Failure to comply with a recommendation is not considered a breach of the rules, but merely implies that the company has chosen a different approach.

The first recommendation of the Corporate Governance Code relates to the recommendations of the Committee on Corporate Governance, for which reason reporting relating to this recommendation must be in accordance with the reporting rules laid down by the Committee on Corporate Governance.

As regards the publication of the members' reporting concerning the other recommendations of the Corporate Governance Code, the Danish Bankers Association finds that disclosure on the company's website is the best and most effective method – with a specific reference to this in the management's review in the annual report.

The members are required to submit their first corporate governance report in connection with the annual report for the 2014 financial year."

The statement concerns the financial year **1 January 2023 – 31 December 2023**

Recommendation	Does the company comply?	Explanation
<i>General recommendations</i>		
1. The Danish Bankers Association recommends that the members respond to all the recommendations of the Committee on Corporate Governance.	Yes	<p>The recommendation is followed.</p> <p>The bank responds to all the recommendations of the Committee on Corporate Governance.</p>
2. The Danish Bankers Association recommends that the members prepare and publish a code of conduct describing the company's core values and the conduct desired in terms of the company's management and operations.	Yes	<p>The recommendation is followed.</p> <p>The bank's board of directors has prepared and approved a code of conduct which is also available on the bank's website.</p>
<i>Recommendations regarding composition of the board of directors</i>		
3. The Danish Bankers Association recommends that the members use a well-described, structured process when recruiting candidates for the board of directors and possibly bring in external expertise.	Yes	<p>The recommendation is followed.</p> <p>The board of directors has set out a general procedure for recruiting candidates for the board of directors.</p> <p>It is the duty of the bank's nomination committee to ensure that the board of directors possesses the required competences and the required knowledge and experience, and to find suitable candidates for the bank's shareholders' committee and board of directors.</p> <p>The result of the board's annual evaluation is part of the recruiting procedure.</p>

Recommendation	Does the company comply?	Explanation
		<p>The bank's and the board members' networks are used when recruiting candidates for the position of member of the bank's shareholders' committee (which elects the board of directors).</p> <p>Reference is made to the 2023 annual report for further information on the bank's nomination committee.</p> <p>Reference is also made to the recommendations on corporate governance.</p>
<p>4. The Danish Bankers Association recommends that those members whose articles of association contain provisions determining that board members may only be elected from a limited group of individuals explain the background to these restrictions.</p>	Yes	<p>The recommendation is followed.</p> <p>The bank's articles of association specify that members of the board of directors are elected by the members of the shareholders' committee. The board finds that this provision helps to ensure that members elected for the board possess the required competences and the required knowledge and experience.</p> <p>The bank's management finds it crucial to have a competent basis for recruiting the board of directors to ensure that the requirements for both collective and individual expertise etc. for the board and its members are met.</p> <p>The bank's nomination committee thus places strong focus on ensuring that candidates for the position of member of the shareholders' committee also have the skills required for assuming the duties of a board member.</p> <p>The election procedure for the position of member of the bank's board of directors ensures a good knowledge of the candidates and their professional and personal qualifications for undertaking and performing the duties of board member.</p> <p>It is also possible, if needed, to elect board members who are not among the shareholders' committee's members.</p>
<p><i>Recommendations regarding training of members of the board of directors</i></p>		
<p>5. The Danish Bankers Association recommends that board members</p>	Yes	<p>The recommendation is followed.</p>

Recommendation	Does the company comply?	Explanation
<p>embark on a training programme in banking operations as soon as possible and at the latest six months after joining the board, unless the board member concerned already possesses up-to-date, special banking skills. The programme should reflect the company's size, business model and complexity.</p>		<p>The bank works of course to ensure that new board members are given the opportunity to participate in mandatory training activities in accordance with any statutory requirements.</p> <p>It can also be added that new board members as well as board members with longer seniority are given the opportunity to participate in supplementary training activities if they themselves feel a need to do so.</p>
<p>6. The Danish Bankers Association recommends that the members of a board of directors continuously receive skills development opportunities as relevant for their board duties. The topics and scope should be adapted to the company's size, business model and complexity.</p>	Yes	<p>The recommendation is followed.</p> <p>Board meetings are attended at regular intervals by either employees/experts from the bank or external presenters who provide information on/training within selected areas to continuously develop the board members' skills.</p> <p>The board members are also offered to participate in various external training and qualifying activities if they judge they need them, and the board members are regularly offered various works of reference to keep up to date.</p>
<p><i>Recommendation regarding evaluation of the board of directors and its members</i></p>		
<p>7. The Danish Bankers Association recommends that each individual board member undertake an evaluation of his or her work for the board. As part of the evaluation, each board member must fill in an evaluation form referring to both management and technical banking matters.</p>	Yes	<p>The recommendation is followed.</p> <p>The board of directors carries out a multidimensional evaluation every year, including the evaluation prescribed by the Danish FSA.</p> <p>The total evaluation includes the working relationship on the board, an evaluation of each individual board member's competences and an evaluation of the competences of the whole board of directors.</p> <p>The board subsequently reviews and discusses the evaluations and assessments.</p> <p>Reference is also made to the recommendations on corporate governance.</p>

Recommendation	Does the company comply?	Explanation
<i>Recommendations regarding cooperation with the company's day-to-day management</i>		
<p>8. The Danish Bankers Association recommends that relevant experts be involved in the cooperation with the board of directors, including participation in meetings of the board of directors when particularly complex issues are to be discussed.</p>	Yes	<p>The recommendation is followed.</p> <p>Heads of specialised areas and experts from the bank participate as needed on an ad hoc basis, both in preparing for and drafting material for the board of directors and, if necessary, participating in the agenda points at board meetings which are relevant for the persons in question. External presenters may also contribute information on selected areas at board meetings.</p>
<p>9. The Danish Bankers Association recommends that the cooperation between the executive board and the board of directors be discussed at least once a year without the presence of the executive board.</p>	Yes	<p>The recommendation is followed.</p> <p>Both the working relationship between the board of directors and general management and of the general management in general are assessed and discussed by the board of directors every year, usually concurrently with the board's annual multi-dimensional evaluation.</p> <p>The general management is not present during the board's evaluation of the working relationship between the board and the general management and of the general management in general.</p> <p>The working relationship is also assessed on an informal regular basis.</p> <p>Reference is also made to the recommendations on corporate governance.</p>
<i>Other recommendations</i>		
<p>10. The Danish Bankers Association recommends that an overview of the participation of the members of the board of directors in board and committee meetings be published on the members' website or similar.</p>	Yes	<p>The recommendation is followed.</p> <p>One board meeting is typically held every month.</p> <p>If deemed necessary, the board also holds either a strategy meeting or an actual strategy seminar every year. A strategy review/discussion may also be held at an ordinary meeting of the board of directors.</p>

Recommendation	Does the company comply?	Explanation															
		<p>In addition, a number of meetings are held in the appointed board committees as scheduled and as needed.</p> <p>The board of directors places considerable weight on a high rate of attendance.</p> <p>The following summary provides further details:</p> <table border="1" data-bbox="954 571 2089 890"> <thead> <tr> <th colspan="5" data-bbox="954 571 2089 624">Number of meetings in 2023</th> </tr> <tr> <th data-bbox="954 624 1182 676">Board of directors</th> <th data-bbox="1182 624 1408 676">Remuneration committee</th> <th data-bbox="1408 624 1637 676">Nomination committee</th> <th data-bbox="1637 624 1865 676">Audit committee</th> <th data-bbox="1865 624 2089 676">Risk committee</th> </tr> </thead> <tbody> <tr> <td data-bbox="954 676 1182 890">Thirteen physical/combined physical and video meetings and three written electronic meetings (by email)</td> <td data-bbox="1182 676 1408 890">Four physical/combined physical and video meetings</td> <td data-bbox="1408 676 1637 890">Eight physical/combined physical and video meetings</td> <td data-bbox="1637 676 1865 890">Eight physical/combined physical and video meetings/ video meetings</td> <td data-bbox="1865 676 2089 890">Eleven physical/combined physical and video meetings</td> </tr> </tbody> </table> <p>The total rate of participation by all board members at all board meetings in 2023 was 97.1%.</p> <p>As indicated above, the rate of participation in 2023, as in 2022 and earlier, was a good deal over 90%.</p> <p>Information on the individual board members' and committee members' attendance rates is given in the attachment.</p>	Number of meetings in 2023					Board of directors	Remuneration committee	Nomination committee	Audit committee	Risk committee	Thirteen physical/combined physical and video meetings and three written electronic meetings (by email)	Four physical/combined physical and video meetings	Eight physical/combined physical and video meetings	Eight physical/combined physical and video meetings/ video meetings	Eleven physical/combined physical and video meetings
Number of meetings in 2023																	
Board of directors	Remuneration committee	Nomination committee	Audit committee	Risk committee													
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<p>11. The Danish Bankers Association recommends that the members consider and explain whether the rules set out in the Danish Financial Business Act (<i>lov om finansiel virksomhed</i>)</p>	Yes	<p>The recommendation is followed.</p> <p>The bank is not governed by the rules of the Danish Financial Business Act regarding a cap on the number of executive positions as the rules only apply to the</p>															

Recommendation	Does the company comply?	Explanation
<p>regarding a cap on the number of executive positions are relevant for the members.</p>		<p>biggest financial institutions, the so-called systemically important financial institutions (SIFIs).</p> <p>The bank's board of directors and the individual members are aware of the importance of each board member judging whether he or she has the time required to perform the duties of a board member in Ringkjøbing Landbobank, including a judgment on the cap on the number of executive positions.</p> <p>Such evaluations are made regularly on an individual basis and in connection with the board of directors' annual evaluation of the whole board.</p> <p>Reference is made to the bank's 2023 annual report for details on other executive positions held by the board members.</p>
<p>12. The Danish Bankers Association recommends that the members focus on the role of the external auditor and the quality of its audit work. Among other things, members should set requirements for the composition of the teams used by external auditors to ensure that a team includes at least two experienced auditors with additional areas of expertise. To be considered an experienced auditor, an auditor must have completed supplementary training aimed at the banking sector and participated in the audit of a commercial bank, savings bank or cooperative bank for at least three years.</p>	<p>Yes</p>	<p>The recommendation is followed.</p> <p>The bank's external auditor is PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab (PwC).</p> <p>The bank is strongly focused on the external auditor's role and qualifications and of the quality of the work which is carried out by the external auditor.</p> <p>The bank and the external auditor discuss the composition of the team used by the external auditor for auditing the bank, and it is specifically agreed in the bank's partnership with the external auditor that PwC must always provide an audit team that complies with the Danish Bankers Association's corporate governance code.</p> <p>It is also agreed that the signing auditor(s) must be certified under applicable rules.</p> <p>The bank also knows that PwC has an in-service training programme etc. targeted towards the financial sector.</p>

Attachment: Attendance summary

	Board of directors		Remuneration committee		Nomination committee		Audit committee		Risk committee	
Total number of meetings in 2023	13 physical / combined physical and video meetings and 3 written electronic meetings (by email) – a total of 16 meetings		4 physical / combined physical and video meetings		8 physical / combined physical and video meetings		8 physical / combined physical and video meetings / video meetings		11 physical / combined physical and video meetings	
Name	No. of meetings possible	No. of meetings attended	No. of meetings possible	No. of meetings attended	No. of meetings possible	No. of meetings attended	No. of meetings possible	No. of meetings attended	No. of meetings possible	No. of meetings attended
<i>Members end of 2023:</i>										
Martin Krogh Pedersen	16	16	4	4	8	8	8	8	11	11
Mads Hvolby	16	14	n/a	n/a	8	7	8	8	11	10
Jens Møller Nielsen	16	16	n/a	n/a	8	8	8	8	11	11
Morten Jensen	16	16	4	4	8	8	n/a	n/a	11	11
Jon Steingrim Johnsen	16	15	n/a	n/a	8	7	n/a	n/a	11	10
Anne Kaptain	16	15	n/a	n/a	8	7	n/a	n/a	11	10
Jacob Møller	16	14	4	4	8	7	8	8	11	9
Lone Rejkjær Söllumann	16	16	4	4	8	8	n/a	n/a	11	11
Lene Weldum	12	12	n/a	n/a	7	7	n/a	n/a	9	9
Lisa Munkholm	13	13	4	4	n/a	n/a	n/a	n/a	9	9
Nanna G. Snogdal	13	13	n/a	n/a	n/a	n/a	n/a	n/a	9	9
Martin Wilche	13	13	n/a	n/a	n/a	n/a	n/a	n/a	9	9
Finn Aaen	16	16	n/a	n/a	n/a	n/a	n/a	n/a	9	9

Disclaimer:

This document is a translation of an original document in Danish. The original Danish text shall be the governing text for all purposes and in case of any discrepancy, the Danish wording shall be applicable.